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ABSTRACT

This paper examines conflicting evidence regarding the impacts of welfare reform on children's wellbeing. Research shows that poverty rates, teen crime and fertility, and child maltreatment are down. Lack of appropriate state-level data on indicators of child wellbeing precludes serious analysis of the role of welfare reform for most indicators. Good data come from welfare reform experiments from the 1990s, which indicate the impacts of welfare reform packages under evaluation relative to the old AFDC system. For elementary students, evidence strongly indicates that welfare reform can powerfully enhance achievement and positive behavior, with little evidence of harm. The beneficial impacts appear strongest for children in families with longer histories of welfare receipt. More limited evidence suggests that welfare reforms may cause detrimental increases in teens' school problems and risky behaviors. Reforms with work mandates but few supports for working mothers are significantly less beneficial for elementary students than programs with work supports. Reforms with positive impacts on children operate more through changes outside the family. Poverty, maternal depression, domestic violence, and children's developmental problems are very common. Policy recommendations include providing after-school and community programs for older children and encouraging fathers' involvement with children. (Contains 57 bibliographic references.) (SM)

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Welfare Reform and Child Well-being

JCPR Working Paper 217

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Welfare Reform and Child Well-being

Greg J. Duncan

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Abstract

Plunging caseloads and soaring employment among single mothers lead many to judge welfare reform a stunning success. Lost in the caseload counts and political rhetoric is the subject of our chapter: welfare reform and children. We sort through conflicting theory and evidence regarding the impacts of welfare reform on children's well-being and development.

A brief examination of recent trends in national indicators of potential problems shows that the sky has not fallen. Poverty rates are down, as are teen crime and fertility as well as substantiated cases of child maltreatment. However, the dearth of timely and consistent state-level data on indicators of child well-being precludes a serious analysis of the role of welfare reform, the booming economy and other recent changes for all but a handful of these indicators.

We turn instead to lessons that can be gleaned from a set of welfare-reform random-assignment experiments conducted during the 1990s. Experiments provide strong evidence on the impacts of the welfare reform packages under evaluation relative to the old AFDC system. Regrettably, the reform packages evaluated in the experiments do not span the diverse set of reforms instituted by states in the late 1990s.

Our conclusions regarding likely child impacts depend crucially on the ages of the children studied. In the case of elementary-school children, the picture is fairly positive. We find strong evidence that welfare reform can be a potent force for enhancing achievement and positive behavior. When welfare reform packages do not appear to help younger children, there is little evidence of harm, even in the one experiment with time limits. If anything, the beneficial impacts are strongest for children in families with longer histories of welfare receipt. On the other hand, in the case of adolescents, more limited evidence suggests that welfare reforms may cause detrimental increases in school problems and risky behavior. The jury is still out on impacts on infants and toddlers.

Distinguishing among programs, we find that reforms with work mandates but few supports (e.g., wage and childcare subsidies) for working mothers appear to be significantly less beneficial for elementary-school-aged children than programs with work supports. Furthermore, and here the evidence is also less definitive, reforms with positive impacts on children appeared

to operate more through changes outside the family – e.g., in childcare and after-school programs – than through changes in parental mental health, family routines or other aspects of the home environment. Finally, poverty, maternal depression, domestic violence and children's developmental problems are alarmingly common, even among families offered a generous package of work supports.

Our list of policy recommendations includes ways of better supporting work, providing after-school and community programs for older children, addressing safety-net issues for families with barriers to stable, full-time employment, and encouraging fathers to become more involved with their children. More generally, we hope that the debate over the future of welfare reform will pay more attention to children's well-being, to the diverse situations in which children in low-income families find themselves, and to the very different developmental needs of children of different ages.

Welfare Reform and Child Well-being

Introduction

Early returns on welfare reform appear to be stunningly positive. Caseloads fell by half between 1993 and 2000, with many of the welfare exits accompanied by sustained involvement in the labor market. Lost in the caseload counts and political rhetoric is the subject of our chapter: the impact of welfare reforms on children's well-being and development. Despite the professed child-based goals of the reform legislation, remarkably little attention has been paid to tracking and understanding its impacts on family functioning and child well-being.

To be sure, the debate surrounding welfare reform was filled with assumptions and predictions about the proposed reforms and children. Conservative advocates argued that reform-induced transitions from welfare to work benefit children by creating positive role models in their working mothers, promoting maternal self-esteem and sense of control, introducing productive daily routines into family life, and, eventually, fostering career advancement and higher earnings on the part of both parents and children. Most prominently, conservatives argued that the reforms would eliminate our welfare "culture" by sending a powerful message to teens that it is in their interest to postpone childbearing until they can support their children within the context of marriage.

On the other side of the aisle, opponents argued that the reforms would overwhelm severely stressed parents, deepen the poverty of many families, force young children into unsafe and unstimulating childcare, and reduce parents' abilities to monitor the behavior of their adolescents, leading to deleterious child and adolescent functioning. The direst rhetoric spoke of children "sleeping on the grates."

Our chapter sorts through conflicting theory and evidence regarding the impacts of welfare reform on children by addressing five questions:

- How might reforms affect family functioning and child well-being?
- Is children's development affected by welfare reforms?
- How do child impacts vary with the structure of reforms?
- What changes in family functioning account for the child impacts?
- What additional policy changes will enhance child well-being?

To preview our conclusions, we find strong evidence that welfare reform can be a potent force for enhancing achievement and positive behavior of preschool and elementary-school children. Even when a welfare reform package does not help children, there is little evidence of harm. On the other hand, reform-induced reductions in maternal supervision may well increase adolescent risk behavior.

Distinguishing among programs, we find that reforms with work mandates but few supports (e.g., wage and childcare subsidies) for working mothers appear significantly less beneficial for children than programs that support full-time work. Furthermore, and here the evidence is less definitive, reforms with positive impacts on children appeared to operate more through changes outside the family – e.g., in childcare and after-school programs – than through changes in parental mental health, family routines or other aspects of the home environment.

Finally, even though problems of poverty, mental health, domestic violence and children's health and developmental problems may be reduced by reforms, they remain alarmingly common even among families offered a generous package of work supports.

Our list of policy recommendations includes ways of better supporting work and of addressing safety-net issues for families with barriers to stable, full-time employment.

How Might Reforms Affect Families And Children?

When pushed to discuss how children may be helped or hurt by welfare reforms, federal policymakers, state officials and state legislators, and advocates identify three key pathways -- maternal employment, family structure and family income (Duncan and Chase-Lansdale, 2001; Moore, 2001; Johnson and Gais, 2001; Zaslow et al. 1998). Above all, children are seen to benefit from maternal employment, which is presumed to enhance mothers' self-esteem, as well as from the discipline and structure that work routines, in contrast to welfare dependence, impose on family life. In this view, children's developmental needs are addressed indirectly, but effectively, by policies promoting maternal transitions from welfare to work.

A different, family-structure-based view of how welfare reform might promote children's well-being is featured in the preamble to the 1996 PRWORA legislation. It identifies marriage as

"an essential institution of a successful society which promotes the interests of children," posits that "responsible fatherhood and motherhood are integral to successful child rearing and the well-being of children" and declares that the "prevention of out-of-wedlock pregnancy and reduction in out-of-wedlock births are very important Government interests." State policy-makers echo concerns that children's well-being suffers from single-parent family arrangements or if they are born to a teen mother (Moore, 2001).

A third, resource-based, view of links between reforms and child well-being stresses the role of family income. Armed with forecasts of dramatic increases in child poverty, critics of welfare reform focused on the likely detrimental effects on child's well-being stemming from reduced family income. Proponents were more optimistic that earnings growth and marriage would elevate family income far above the level of welfare benefits.

A more comprehensive framework for assessing how welfare reforms might change child well-being for better or worse, presented in Figure 1, has been formulated by developmental and policy researchers (Child Trends, 1999; Huston, forthcoming; Chase-Lansdale and Pittman, forthcoming; Moore, 2001). Listed at the far right are valued child outcomes that might be affected by welfare reforms: cognitive development and school achievement, pro-social and problem behavior, mental and physical health, and positive expectations about and aspirations for future achievement.

[Figure 1 about here]

Welfare Reform Provisions

Listed at the far left of Figure 1 are key welfare reform provisions: work mandates and incentives, sanctions, time limits, childcare policy, and health insurance. Work requirements and time limits on total receipt are the most widely noted provisions of the 1996 legislation. But the legislation also provided states freedom to develop sanction policies for noncompliance as well as financial incentives, childcare and health insurance programs to help support welfare-to-work transitions. Furthermore, other important policy changes, in particular the mid-1990s expansion of the Earned Income Tax Credit and increases in the minimum wage, have also had a bearing on

the relative attractiveness of work and welfare. How might these provisions affect family functioning and child well-being?

Changes In Adult Behavior

Changes in adult work, welfare receipt and family income are the first and most obvious targets of welfare reform, and constitute the first link between reforms and child well-being in Figure 1. Welfare reform's mandates, sanctions and incentives, combined with a booming economy and a generous Earned Income Tax Credit, have produced both an extraordinary increase in the fraction of single parents in the labor market (Blank and Schmidt, this volume) as well as an unprecedented drop in caseloads. The net impact of these changes in work and welfare on total family income (Haskins, this volume) is important given the evidence that economic deprivation during childhood (and especially early childhood) hinders eventual achievement (Duncan et al. 1998).

Overlooked in the euphoria over falling TANF caseloads are more worrisome decreases in Food Stamp and Medicaid caseloads that, in some states, have matched the TANF caseload declines (Greenstein and Guyer, this volume). It is unclear whether falling participation rates in these programs result from voluntary choices by would-be recipients or reflect a lack of information, increased bureaucratic hassles and other administrative problems.

Changes In Adult Well-Being

Changes in paid work, welfare receipt and total family income may in turn influence how parents allocate their time; the material resources provided by the cash and in-kind income from their jobs and other sources of public and private support; parental mental health; and even the structure of the family itself. These adult behaviors and indicators of well-being together comprise the second set of links between reforms and changes in child well-being in Figure 1.

The net impact of welfare-reform-induced changes in work and welfare on families' material resources is likely to vary considerably from one family to the next. Work-related expenses such as childcare, transportation and clothing reduce disposable income by an average of $300 (Edin and Lein, 1997 – a study that gathered its data prior to welfare reform). On the plus side, even though the initial jobs taken by former recipients may not pay very much,

reformers hope that that earnings growth will eventually boost disposable income far above the level of welfare cash grants.

As for impacts on parent mental health, many studies have documented extraordinarily high levels of depressive symptoms among welfare-reliant single parents (Quint et al. 1997; Bos et al. 1999). McLoyd et al. (1994) found considerably greater stress among unemployed than employed single mothers, raising hopes that employment may improve maternal mental health. But a comparison of the mental health of low-skill welfare-reliant and working single mothers found no differences in depression, stress and sense of control (Duncan et al. 2000), leading to expectations that merely exchanging welfare for work may do little to improve maternal mental health (Chase-Lansdale & Pittman, forthcoming).

The collective impact of the labor market and welfare system on family structure – marriage, cohabitation, three-generation living arrangements and fertility – and of family structure on children's well-being are vital issues for children. Their recent trends are reviewed in the Murray and Sawhill and Horn chapters in this volume; their links to child well-being are reviewed in McLanahan and Sandefur (1994) and Chase-Lansdale et al. (1999).

Changes In Child Context

Parenting, broadly defined, and the role models parents provide to their children determine the context within which a child develops. Most of these elements of family functioning could be affected by the work and income-based changes wrought by welfare reform. Key dimensions of parenting include: warmth, responsiveness, and involvement with the child; cognitive stimulation provided to the child at home; limit-setting and supervision; parents' gatekeeping of the outside world of peers, kin, childcare programs, schools, and other neighborhood resources for the child; and the creation of structure and meaning within the home environment (Chase-Lansdale and Pittman, forthcoming).

Why are these parenting dimensions important? Infants and toddlers rely on parents or "attachment figures" as a secure base from which they actively explore the environment (Ainsworth, 1979) and that provide an important emotional foundation for later development (Cassidy and Shaver, 1999). Although it might be feared that mothers' entry into the labor force

could compromise children's attachment, research (much of which is based on middle-class samples) tends to show that this is not the case (Chase-Lansdale and Owen, 1987; Hoffman and Youngblade, 1999).

The stimulation provided in home environments (Bradley, 1995; Huttenlocher et al. 1998), by childcare providers, and through community resources such as parks and museums, appears important for the cognitive development of infants, toddlers and young children. Family income has been shown to be a strong predictor of the quality of these environments, leading to both hopes that reform-induced increases in income will improve children's environment, as well as fears that income losses will compromise them (Garrett et al. 1994). As for childcare outside the home, intensive, education-based preschool programs have been shown to provide long-lasting beneficial impacts on the achievement and behavior of low-income children, while more modest differences in childcare quality have uncertain impacts on developmental outcomes (NICHD Early Childcare Research Network, 1998; Blau, 1999).

Parents' discipline style and level of supervision are key ingredients in children's healthy development (Bornstein, 1995). In the case of adolescents, parents who know where their teenagers are and set limits (e.g., curfews, rules of conduct), but also grant some autonomy, have youth with fewer behavior problems, including lower levels of drug and alcohol use, school suspensions and expulsions, and police involvement.

Parents also serve as gatekeepers to the world (Parke et al. 1994; Cooper et al. 1992; Furstenberg et al. 1999) which can foster the child's participation in activities and programs outside the home and promote more positive peer interactions, greater feelings of self-worth, and advances in learning (Eccles and Barber, 1999; Parke et al. 1994).

To the extent that welfare reform provides parents with more economic resources, after-school programs and other community resources become more affordable, as does the possibility of moving to neighborhoods with fewer deviant peers and more community resources. "Social capital" connections secured from co-workers may further connect families with community resources. On the negative side, welfare-induced transitions to work may reduce parents' ability to perform their gatekeeping role, particularly during the key period between the end of school

and dinnertime, when much delinquent behavior takes place.

Parents also influence their children by providing structure in their daily lives. Children who come from homes in which there is a regular, predictable routine and family members spend time together are believed to do better than those whose family life is less organized (Boyce et al. 1983; Wilson, 1987), although research on this dimension is scarce.

Children imitate behavior displayed by parents or other important adults. Modeling encompasses a broad array of experiences, and children can learn both positive and negative behaviors by witnessing the responses of adults to a variety of situations (Bandura, 1977). For example, when a child witnesses domestic violence or excessively harsh punishment of a sibling, that child is more likely to act aggressively toward others as well (Eisenberg, 1992). Children growing up in neighborhoods with pervasive unemployment are thought to be less likely to internalize positive norms regarding legitimate work (Wilson, 1991).

Welfare Reform's Impacts on Children's Development

Caseload and employment statistics are compiled and released much more frequently than are indicators of children's well-being. While we would like to show and account for trends in the cognitive development, school achievement, problem behavior, health and other domains of child well-being depicted in Figure 1, there are precious few sources of such data that provide pre- and post welfare reform measures of these outcomes for children targeted by the reforms (e.g., children in single-parent families). In Figure 2 we have cobbled together time-series data on several relevant indicators, paying particular attention to indicators of problems that might develop if families are harmed by reforms. More complete information on these and several other indicators is presented in Appendix Table 1.

[Figure 2 about here]

The indicators in Figure 2 are scaled so that all have values of 100 in 1996, the year prior to the implementation of PRWORA. Values for other years are expressed relative to their 1996 values. As an example, 19.8% of children were poor in 1996, while 16.3% were poor in 1999.

Expressing the 1999 value as a fraction of its 1996 value gives .823 (=16.3/19.8) and shows that children's poverty fell by about one-sixth between those years.

Had the direst predictions of opponents of the reforms come to pass, we would observe problem indicators in the late 1990s to be well above their 1996 levels. This is the case for none of the indicators, although for two - rates of children's placements in foster and other out-of-home care and, in the Appendix Table 1, rates of 6-8 year-old children behind in grade for their age - the rates were slightly higher than their 1996 levels. In sharp contrast to the predictions of increasing children's poverty during the PRWORA debate, and as detailed in the Haskins chapter in the volume, the 1999 poverty rates have fallen sharply. Teen birth and crime rates have fallen as well.

Apart from showing that the sky has not fallen, it is all but impossible to draw firm conclusions from these simplistic comparisons regarding welfare reform's impacts on children. Waivers granted to most states prior to the 1996 legislation led to an earlier implementation of many elements of reforms. More importantly, the problem-solving impacts of the booming economy of the mid-to late-1990s may be concealing adverse impacts of reforms that would have appeared under more normal economic conditions and may yet appear as the economy loses some of its luster.

Inferring causal connections between elements of welfare reform and child outcomes from these kinds of data requires consistent state-by-state measurements of the indicator spanning at least the decade of the 1990s (National Research Council, 2001). Furthermore, the data need to be compiled separately for demographic groups (e.g., single-parent vs. married-couple families, low- vs. highly-education women) at differential risk of being affected by the reforms. Among national surveys, only the Current Population Survey is large and frequent enough to provide the needed data on its topics – welfare receipt, work, family poverty and family structure (Schoeni and Blank, 2000) as well as education (Hauser, 1997). Vital statistics on fertility and mortality and other administrative data on the details of welfare recipients, child protective services, juvenile crime have the potential to be used in these kinds of ways, although the task of assembling the needed data is formidable (National Research Council, 2001). Sorely lacking as well are data on positive indicators of child well-being (Moore, 1997).

A handful of careful studies have attempted a more complete accounting of the impacts of reforms and the economy on some of these indicators. As reviewed in the Haskins chapter in

this volume, studies such as Schoeni and Blank (2000) and Meyer and Rosenbaum (2001) have dispelled fears that reforms have produced a wholesale increase in economic deprivation among children, while studies such as Horath-Rose and Peters (2000) have linked certain reform provision (e.g., family caps) to reductions in teen fertility.

Of the remaining indicators in Appendix Table 1, child maltreatment data have been scrutinized most closely, in this case in a series of studies by Paxson and Walfogel (1999a, 1999b, 2001). They show that rates of substantiated maltreatment and out-of-home placements increase systematically with higher rates of family poverty and lower welfare benefit levels. Higher rates of out-of-home placement appear linked to several elements of welfare reform, although the authors hasten to qualify this result with the observation that these placements may be with relatives ("kin care") and represent a way of bringing more resources to the extended family.

The dearth of systematic evidence of national and, especially, state trends in child outcomes leads us to focus on results from a number of experiments begun in the early to mid 1990s that implemented various packages of welfare reform and whose evaluations tracked family process and child well-being (Morris et al. 2001). A great virtue of these experiments is that participants were *randomly* assigned to a "program group" that received the welfare-reform package or to a "control group" that continued to live under the old AFDC rules. Random assignment provides a very strong basis for assessing causal impacts of the reform packages relative to the old AFDC system.

Relying on evidence from experiments has its limitations, however. As do states' responses to the 1996 legislation, all of the experimental "treatments" involve packages of changes, rendering it difficult to identify which components were key in affecting child well-being or family process. The treatments in these experiments represent neither the full range of TANF programs implemented by states nor of the macroeconomic conditions – both good and bad – that states currently face or are likely to face in the next decade. Furthermore, because the experiments were implemented on a small scale, they probably generated few of the larger-scale changes in norms and expectations regarding work and childbearing that might accompany the full-scale implementation of the programs they tested.

The evidence compiled by Morris et al. (2001) comes from five experiments:

The National Evaluation of Welfare to Work Strategies (NEWWS) included two kinds of programs – labor-force attachment (LFA) and human-capital development (HCD) – offered to welfare recipients in Atlanta, Grand Rapids, and Riverside (Freedman et al. 2000; Hamilton, 2000; McGroder et al, 2000). LFA programs required most participants to look immediately for work; the HCD "treatment" placed participants in adult basic education and vocational training programs. None of the NEWWS treatments provided wage supplements or other work-related financial incentives.

The Minnesota Family Independence Program (MFIP) combined participation mandates, "make-work-pay" incentives, and services in a way that constitutes a somewhat more generous version of Minnesota's current TANF program (Gennetian and Miller, 2000); Knox et al. 2000; Miller et al. 2000). The evaluation focused on two programs: (i) "Mandatory MFIP," which allowed working welfare recipients to keep more of their welfare income when they went to work, and a participation mandate of 30 or more hours per week of employment and training services, and (ii) "MFIP Incentives Only," which included all of the features of the Mandatory MFIP program without the participation mandates.

The Canadian Self-Sufficiency Project (SSP) is a pure "make-work-pay" approach offering a very generous, but temporary (three-year) earnings supplement for full-time (at least 30 hours per week) work (Michalopolous et al. 2000; Morris and Michalopolous, 2000). The earnings supplement was a monthly cash payment available to single-parent welfare recipients who had been on welfare for at least one year and who left welfare for full-time work within a year of entering the program.

Milwaukee's New Hope Project combined various "make-work-pay" strategies with some employment services (Bos et al. 1999). For parents who worked 30+ hours per week, New Hope provided an earnings supplement, childcare and health insurance subsidies and, if needed, a short-term community service job. Participants in the New Hope experiment volunteered for the program.

Florida's Family Transition Program (FTP) was the only experiment to include a time limit, in this case of 24 months of cash assistance receipt in any 60-month period (Bloom et al. 2000). FTP also had a small earnings supplement, a participation mandate and fairly intensive case management. Parents with school age children were required to ensure that their children attended school regularly and to speak with their children's teachers each grading period.

Impacts on Elementary School-age Children

We focus first on results for program impacts on achievement outcomes for younger children – most of whom were in elementary school in the period between the start of the program and the point at which the child outcomes were assessed. Mothers reported some of the achievement measures; others were drawn from standardized tests and surveys conducted with both teachers and the children themselves.

Figure 3, drawn from Morris et al. (2001), appendix tables A.1, A.5 and A.7, shows program impacts -- standardized differences in the school achievement of the children in the program and control groups -- of the various studies. Programs are arrayed according to the work supports they provided participants and, for the NEWWS sites (none of which involved financial incentives or other work supports), whether the program stressed education or work. With its modest work supports and time limits, FTP occupies a hard-to-characterize middle category in the figure.

[Figure 3 about here]

Several important lessons regarding child impacts emerge from these experiments, the first of which is:

- **Welfare reform packages can have positive impacts on children's achievement and behavior.**

In the case of New Hope, teachers blind to the experiment reported the academic achievement of program-group children to be significantly higher than that of control children, with the effect size amounting to one-fourth of a standard deviation. (In terms of the more familiar IQ scale, this would correspond to a four IQ-point difference.) Much of this impact was concentrated on boys, for whom the program impact was more than one-third of a standard deviation. Smaller, but still significant, achievement impacts were found in the Minnesota MFIP, the Canadian SSP and the Atlanta LFA site of NEWWS.

Problem behaviors and health were also measured in these studies. Beneficial impacts on children's problem behavior appeared for some but not all of the programs with earnings supplements (data not shown). Among programs with no earnings supplements, only the Atlanta LFA site showed beneficial impacts on behavior. In Florida, there was a significant but negative program impact on children's positive behavior, although no impact -- positive or negative -- on parent reports of the problem behavior of their young children.

All but one of the studies also asked parents to rate their children's health. There were relatively few program impacts on the health status of these preschool and early elementary-school children. Small positive health impacts were observed in the SSP and FTP; larger and negative health impacts were observed in the Riverside site of NEWWS. It is hard to know what to make of this latter result. Any harmful child impacts should raise red flags, but in this case there are precious few other clues in the data that explain why.

Morris et al. (2001) investigated differences in program impacts on these elementary-school children across a range of subgroups of interest. Noteworthy was their look at children in long-term recipient families, which often showed more positive impacts for children growing up in the most disadvantaged long-term recipient families.

Thus, bearing in mind the exceptional Riverside result, the more general conclusion from the diverse experiments is a lack of evidence of harm for elementary-school children:

- **There is little evidence that elementary-school-aged children are harmed by the welfare reform packages built into the experiments.**

Critics' fears that children's – at least preadolescent children's - development might be compromised by the stresses and disruptions wrought by welfare-to-work transitions receive virtually no support in these experimental data. We hasten to repeat that the treatments in these experiments do not encompass the full range of reforms implemented by states. But these lack-of-harm results are supported by nonexperimental data on welfare leavers in the Women's Employment Study, which found that Michigan children whose mothers were employed had lower levels of behavior problems than children whose mothers were not employed (Kalil et al. 2001).

Impacts on Adolescents

As we turn from younger children to adolescents, the pattern of impacts changes for the worse. SSP and FTP both included assessments of adolescent well-being and produced the impacts on various positive and negative indicators of adolescent well-being shown in Figure 4 (which is drawn from Morris et al. 2001, Table A.8). The consistency of unfavorable impacts – reducing positive indicators such as achievement and increasing indicators of negative problem behavior is striking. The SSP data showed that teen self-reports of drinking and smoking, as well as parental reports of school achievement and problem behavior, were significantly worse in the program group relative to the control group. In the FTP sample, parents in the experimental group reported lower levels of achievement and more suspensions than did control-group parents of teenagers.

Thus:

- **Some experimental evidence indicates that adolescents may be more at risk with work-focused reforms.**

[Figure 4 about here]

Not All Families With Younger Children Are Doing Well

The positive evidence of favorable program impacts on younger children in several studies should not be taken to indicate that all children lucky enough to be randomized into the treatment groups of the most generous program were doing well. The top panel in Table 1 shows several indicators of problems among program-group children gathered from the reports of the three studies with the greatest success in promoting child well-being – New Hope, MFIP and SSP. Teachers reported that nearly half of program children were not making "normal progress" in New Hope, while nearly half of the adolescents in SSP reported near-clinical levels of depressive symptoms. Health and developmental problems were also quite widespread, despite the favorable average impacts of the programs that the families of these children had been offered:

- **Even in families offered generous work supports, there were many children with school or health-related problems.**

[Table 1 about here]

How Do Child Impacts Vary With the Structure of Reforms?

A crucial take-home message from the experiments is that welfare policies directed largely at adult behavior can indeed have important impacts on children's development. But large positive child impacts were more the exception than the rule. What key features of programs promoted children's development?

To answer this question Morris et al. (2001) classified experiments by their structure – e.g., provide work-conditioned financial and in-kind supports or not; promote maternal work or schooling; mandate participation or not – and then related structure to child impacts. In the following section we look within the experiments that promoted child well-being to identify program impacts on adult behavior, well-being and child context - the boxes in our Figure 1 – to identify how the child impact came about.

Program impacts in Figure 3 are arrayed according to the generosity of work supports offered by the programs. The resulting pattern of increasingly favorable impacts suggests that:

- **Programs with the most generous work supports appear to have more consistently positive impacts on children than programs with no supports.**

This is particularly true for achievement outcomes. All three programs that supported work but required 30+ hours of work to gain the supports -- New Hope, MFIP, and SSP -- had

some positive impacts on achievement outcomes for elementary-school-aged children. Mothers in the program groups of all three demonstrations successfully increased employment and earnings and decreased reliance on welfare, compared with mothers in the control groups. Poverty was also significantly reduced (although by no means eliminated for a majority of participants) in all three demonstrations. While the Atlanta HCD and LFA sites also produced positive impacts on children's school-readiness test scores, the other HCD and LFA programs in NEWWS did not. Thus, the Atlanta result appears to be a site rather than a program effect.

Because of its unusual design, MFIP enabled Morris et al. (2001) to disentangle the effects of *mandatory* and *voluntary* employment on child outcomes and family functioning (Figure 3). The lack of differences suggests that:

- **MFIP's child impacts were about as positive in the mandatory program as in the voluntary program.**

A comparison of impacts on child outcomes in the three NEWWS evaluation sites shows few differences between HCD and LFA approaches in the impacts of the program on child outcomes. Thus:

- **There is no evidence (from NEWWS) that programs focused on promoting maternal education and job skills have any more positive impacts on children than programs focused on employment.**

Finally, the FTP evaluation adds important information on the possible impacts of time limits, although in the FTP case the time limit was approached cautiously by welfare officials and bundled together with intensive case management. Subject to these qualifications, the inconsistent and usually insignificant pattern of impacts in Florida suggests that time limits appear to neither help nor harm children very much.

What Changes in Family Functioning Account for the Child Impacts?

We turn now to the evidence on which components of family functioning appeared to have caused the beneficial changes in child well-being. In terms of Figure 1, we are looking for evidence of impacts of the experimental treatments on child context and adult behaviors and well-being. Instances of program impacts on <u>both</u> child outcomes and a given component of family functioning implicate that element as a possible cause of the child impact. Our summary synthesizes evidence reported in Morris et al. (2001) as well as in the detailed project reports.

A first important generalization is that changes in activities *outside* the family – after-school programs, childcare, community programs - appear to be more important than *within-*

family changes in parenting, parental mental health and family routines in accounting for improved child well-being.

Why is this the case?

- **Parental gatekeeping was enhanced in most of the studies with positive child impacts.**

In New Hope, SSP, and Mandatory MFIP, mothers in the program groups were more likely to enroll their children in formal child-care programs than were mothers in the control group. In New Hope and SSP, program mothers were also more likely to enroll their children (sons more than daughters in New Hope) in after-school programs and extracurricular activities. For MFIP, one of three measures of out-of-school activities found fewer experimental children enrolled in lessons, clubs, and activities, but there were no significant differences in the use of extended-day programs or extracurricular activities. Thus, evidence from two of the experiments suggests that parents used their increases in work-related resources to invest in structured programs for their children's experiences outside of the home.

Dimensions of parenting other than gatekeeping were not much affected by the programs. Across all five evaluations, there were very few differences in family life and parenting between mothers in the program groups and those in the control groups. The size and nature of the list of "dogs that didn't bark" is impressive and includes parental control, cognitive stimulation in the home, family routines, and harsh parenting. There was a reduction in parental warmth in SSP and NEWWS; however, this was only for the youngest group of children in SSP and for one of the six NEWWS sites.

- **Particularly disappointing in the experiments is their apparent failure to improve maternal mental health.**

Contrary to the hopes of many welfare reformers, work preparation or employment itself did little to improve mothers' mental health. Only in the MFIP incentives-only group, for whom employment was voluntary, was there a significant reduction in depression. In New Hope, parents in the program group reported less stress, greater hope of achieving life goals, but increased time pressure, when compared with the control group. These differences were modest, and New Hope program participants showed no difference relative to controls in depression, self-esteem, mastery, or financial worries. A likely reason for the general lack of improvement in mental health is the continuing difficulty inherent in combining childrearing with employment in the context of economic hardship.

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The MFIP study is remarkable in two other ways. First, it produced rather striking impacts on family structure. Single parents in the MFIP program were a little more likely to marry than single parents in the control group (11% versus 7%), and married parents in the program group were much more likely to stay married than married families in the control group (67% versus 49%). With the exception of the Riverside LFA site, no family-structure impacts were found in NEWWS, nor were they apparent in New Hope or FTP. In SSP, favorable marriage impacts were observed in one of the two Canadian provinces in which it operated, but only for parents of the older cohort of children. Thus:

- **Two-parent family structures were promoted by one of the programs but not others.**

Second, MFIP produced a substantial drop in the rates of domestic violence among program mothers. The Florida FTP experiment also measured domestic violence but found no program impact. Thus:

- **One program (MFIP) reduced domestic violence but the only other one to measure violence (FTP) found no impacts.**

It may be tempting to relate this difference to the characteristics of the MFIP and FTP programs (e.g., fairly generous work supports in MFIP and time limits in FTP), but there are too many other differences between the two programs and states to support any such conclusion.

Finally, we return to the issue of the distribution of well-being, in this case among families lucky enough to be assigned to the program group in the three most generous studies. The middle and bottom panels in Table 1 show several indicators of negative well-being among program-group mothers and families in the three studies with the greatest success in promoting child well-being – New Hope, MFIP and SSP. As with the child reports, there are many instances of problems. Despite the reduction in abuse relative to the control group, half of the mothers in the MFIP program group reported having been abused during the three-year course of the experiment and more than one-fourth of them were at risk of depression. Despite the program-induced increases in income, two-thirds of MFIP families had earnings that were below the poverty threshold, although few reported episodes of food insufficiency. Nearly half of New Hope program families lacked health insurance for their children. By and large, this picture of hardship faced by low-income families is similar to that provided in studies based on more general population samples (Pavetti and Olsen, 1997; Danziger et al. 1999).

Thus:

- **Even among families offered generous work supports, economic, domestic-violence and maternal-health problems were alarmingly common.**

What Additional Policy Changes Will Enhance Child Well-Being?

The random-assignment feature of welfare experiments from the 1990s provides unusually strong evidence on which welfare reform provisions, relative to the old AFDC system, appear to enhance child well-being. Although unable to provide a sturdy basis for judging the likely impacts of the full range of diverse TANF packages implemented by states in the late 1990s, this evidence is useful in providing guidance for the implementation of welfare reform and future changes in the Federal law.

Policy recommendations based on this research include supporting low-income working families; developing intensive programs to address the needs of problem families unable to secure stable employment; and, more generally, designing programs that address the developmental needs of low-income children.

Supporting Work

A key finding from the experiments is that impacts on child achievement and behavior were consistently more positive in programs that provided financial and in-kind supports for work than in those that did not. The packages of work supports were quite diverse. In the Canadian SSP, the support took the form of a powerful but simple financial incentive - a payment of half the difference between a target level of earnings ($30,000 [Canadian] in the New Brunswick site; $37,000 in British Columbia) and an individual's earned income, but no other transfers, conditioned on working at least 30 hours per week. In New Hope, the supports were more comprehensive, combining a wage supplement, childcare assistance, health insurance, a temporary community service job and supportive caseworkers, although they too were available only to families who worked 30 hours per week. The Minnesota MFIP program combined higher benefit levels and more generous work disregards, and also required at least 30 hours of work.

Thus:

- **To achieve positive child impacts, it appears that states need to go beyond mere work mandates and provide some combination of cash rewards and in-kind supports for the mandated work.**

Although more costly than the "work first" approach taken by NEWWS, both MFIP and New Hope, two of the programs with positive child impacts, had costs within the range of some

of the actual welfare-reform packages implemented by states in response to the 1996 legislation. The average costs for a participant in the NEWWS labor-force attachment and human-capital development group were $1,550 and $4,700, respectively. The costs of MFIP ranged from $1,900 to $3,800, depending on the type of recipient family. Owing to its intensive case management, Florida's FTP cost totaled nearly $8,000 over a five-year period. New Hope was the most expensive program – costly roughly $4,000 annually per program group member over the two-year period.

It would have been extremely useful if the experiments had provided evidence on what particular program components (e.g., earnings supplements, childcare assistance, health insurance) mattered the most. Regrettably, they did not. With positive child impacts found in both the program that only provided a cash earnings supplement (the SSP) as well as the programs (e.g., New Hope) that provided a package of diverse benefits, it appears that the amount rather than the nature of the increase in family resources matters the most.

Federal policies that support work include funding of the childcare block grant, expanding coverage and take-up of health insurance for children, and expanding the Earned Income Tax Credit. For states, the challenge is to use TANF and other dollars to fashion support packages that best meet the needs of local populations, labor markets and politics.

Safety-Net Programs

With plunging caseloads capturing most of the publicity about welfare reform, states have only recently begun to pay attention to families facing major barriers to employment. Maternal depression, physical disabilities, domestic violence, very low levels of skills, and a need to care for other family members who are disabled or ill are common and difficult problems. The magnitude of caseload declines belies fears that large numbers of families are unable to make at least temporary transitions from welfare to work. Yet, the experiments reveal that significant numbers of families have problems that are not solved even by generous configurations of work supports. In other words:

- **Work mandates and supports are not sufficient to foster positive children's development for a substantial number of low-income families in our nation.**

Since the experimental evidence we review provides little guidance on needed policy responses to these kinds of problems, we note only that possible responses include programs focused on employment (e.g., supported work arrangements, post-placement trouble-shooting)

and safety net programs (e.g., Medicaid and Food Stamp) for families struggling to comply with work-oriented reforms. The former set of programs are described in the Zedlewski and Loprest chapter in this volume, while strategies for addressing low take-up in the Medicaid and Food Stamp programs are detailed in the Greenstein and Guyer chapter.

Address Developmental Needs

We are disturbed by the fact that both "children" and "families" are treated as homogeneous entities in the welfare-reform rhetoric and by many policies, when in fact families have diverse needs that change as children develop.

Research suggests that the development of older children, especially adolescents, is less sensitive to family economic resources and more strongly influenced by the affection, supervision, role modeling and mentoring from the adults in their lives. There was troubling evidence from two of the experiments that welfare reforms may increase adolescent problem behavior. After-school and community-based programs would help support working parents' efforts to keep their children focused on school achievement and positive behavior.

- **Greater maternal employment creates a need for after-school and community programs that provide supervision and mentoring for pre-adolescent and adolescent children.**

Indeed, a striking result from the New Hope experiment was that program parents used the extra New Hope resources to secure after-school care and community-based activities for their school-aged boys (Bos et al.1999). In ethnographic interviews, mothers worried about the temptations of gangs and the drug trade for their boys, and appeared to use these programs to counter them.

What about infants and toddlers? Only one of the experiments, the Canadian Self-Sufficiency project, assessed impacts on very young children – in this case age 0-2 at the time of program enrollment. In contrast to the favorable picture for somewhat older children, no impacts were found on achievement and behavior assessed 36 months after enrollment (Micholopous and Morris, 2000). It is unwise to generalize from a single source of data, although some studies as well have shown that very young children may be more vulnerable to the ill effects of an employment-induced separation from their mothers than older children. The economic changes wrought by reforms are probably also more important for very young than older children given their apparent greater sensitivity to spells of economic deprivation (Duncan et al. 1988) and the

significance of the early years for health development later on (National Research Council, 2000).

An implication for policy is that states should be aware of the differential consequences of their policies in light of the ages of the children involved. Time limits, sanctions and categorical restrictions may be more detrimental to families with very young children, as may work requirements for mothers in the first months of their children's lives.

A final set of considerations concerns biological fathers. Intriguing evidence from at least one of the experiments suggests that welfare reform packages can encourage the formation and continuation of two-parent families. Many existing policies discourage fathers from co-residing with or providing financial support for their children (Sawhill and Horn, this volume). Key to the healthy development of children are both financial and time inputs from parents. In their zeal to ensure that fathers meet their obligations to provide financial support for children:

- **Policies should not discourage fathers from co-residing or in other ways spending time with and providing financial support to their children.**

Stepping back, it is also important to emphasize the benefits from delaying the onset of parenthood itself. An ardent hope of welfare reform proponents was to "send a message" to teens at risk of early parenthood. As shown in the Murray chapter in this volume, teen births have fallen in the past decade, which increases the likelihood that children will be born to more mature and economically self-sufficient parents.

How will be know whether welfare reform has altered child well-being in these various ways? We have noted the dearth of state-by-state time-series data on most of the items listed in both the child outcome and family process boxes in Figure 1. In some cases the needed data are being gathered as part of states' administration of welfare, child protective service, school, juvenile justice and other programs, but no one has taken on the formidable job of coordinating the data collections in a way that would facilitate the needed research (National Research Council, 2001). Federal leadership is clearly required for these efforts.

But we have also shown that experiments can provide unusually strong evidence on the impacts of possible welfare reform packages, although not on the system-wide changes that might result from the global implementation of sweeping reforms. We hope that the striking successes of the many experiments conducted during the 1990s will inspire states to adopt experimental methods to evaluate future changes in PRWORA. Existing experiments show

impacts of reforms relative the old ADFC system. New experiments can guide states in their efforts to build on current TANF programs in ways that benefit children and their families.

We close with two calls to policymakers, advocates and policy analysts. First, do not assume that meeting children's developmental needs depends only on whether their mothers make successful transitions from welfare to paid employment. The public discourse needs to be broadened beyond caseloads and maternal employment to address the larger issues of children's poverty and the very different developmental needs of children of different ages.

Second, abandon the search for THE answer to how welfare reforms are affecting children's well-being. Reforms will simultaneously help some children and hurt others. It is the distribution of impacts – both good and bad – that will tell the complete story of welfare reform's impacts on children. We need to know which families and children will profit from which components of welfare reform and why; which parents will adapt only if additional work supports are provided; and which children will be at high risk. It is the collection of diverse programs to address the equally diverse needs of children of different ages and in different family circumstances that will determine whether welfare reform will accomplish its lofty goals.

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Table 1: Negative Indicators of Child, Mother and Family Well-Being Among Families Randomized into the Program Groups in New Hope, MFIP and SSP

INDICATOR	PERCENT	STUDY
Child Indicators		
Teacher reports child "not making normal progress"	44%	New Hope
Child's health "fair" or "poor" as rated by mother	25%	MFIP
Child is in special education	18%	MFIP
Child has high levels of behavioral or emotional problems	7%	MFIP
Child has "long-term problems" (e.g., asthma, bronchitis, emotional and learning impairments)	26%	SSP
Adolescent at risk for depression	46%	SSP
Maternal Indicators		
Mother at risk of chronic depression	29%	MFIP
Mother abused in last 3 years	49%	MFIP
Mother stressed "much or all of the time"	27%	New Hope
Family Indicators		
Earned income below the poverty line	65%	MFIP
Food insufficiency	6%	MFIP
Recent periods without health insurance	44%	New Hope

Notes:

MFIP is the Minnesota Family Independence Program. Data are for long-term AFDC recipients randomized into the program group.

SSP is the Canadian Self-Sufficiency Project. Data are for long-term AFDC recipients randomized into the program group.

The New Hope project data refer to participants randomized to the program group.

Appendix Table 1: Trends in Negative Indicators of Children's Well-Being

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Poverty Rates												
Children less than 18 years old	19.0	19.0	19.9	21.1	21.6	22.0	21.2	20.2	19.8	19.2	18.3	16.3
Child Maltreatment												
Substantiated reports of child maltreatment (per 1000)			11.9	12.9	15.8	15.7	16.7	16.3	16.0	13.1	15.0	
Children in out-of-home care (per 1000)[a]			6.3	6.4	6.6	6.6	6.8	7.0	7.7	7.8	7.8	
Academic Performance												
Children below modal grade, 6-8 year olds[b]	20.4	21.4	21.5	21.2	19.4	18.7	18.9	17.5	17.9	18.6	19.0	
Drop out rate, grades 10-12	4.1	4.8	4.5	4.0	4.3	4.3	5.0	5.4	4.7	4.3	4.4	
Adolescent Problem Behavior												
Teenage birth rate, 15-17 year olds (per 1000 females)	26.4	28.7	29.6	30.9	30.4	30.6	32.0	30.5	29.0	28.2	27.0	
Juvenile arrests, 10-17 year olds (per 1000)	76.0	77.3	80.3	83.8	82.3	84.4	92.8	91.6	95.2	92.2	85.7	

[a] = Primarily children in foster care; may include other types of out-of-home placements
[b] = Modal grade is the year of school in which the largest number of students of a given age are enrolled.

Sources:

Poverty rate: US Bureau of the Census, Current Population Survey. Available: http://www.census.gov/hhes/poverty/histpov/hstpov3.html

Children in out of home care: 1990-1995 - Voluntary Cooperative Information System of the American Public Human Services Association; 1996-1998 - *Child Welfare League of America.* These data were provided to us by Christina Paxson and Jane Waldfogel.

Child maltreatment: National Center for Child Abuse and Neglect, U.S. Dept. of Health and Human Services. These data were

provided to us by Christina Paxson and Jane Waldfogel.
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